

Text of Reagan's Speech to the World Financial Community

WASHINGTON, Sept. 27 (AP) — Following is the text of President Reagan's address today to the annual joint meeting of the board of governors of the World Bank and the International Monetary Fund.

Introduction

On behalf of my fellow Americans, I am delighted to welcome you to the United States and to our nation's capital.

And I am honored to have this opportunity to speak again to your distinguished members.

I say honored because I believe your institutions, the World Bank and the International Monetary Fund, serve noble purposes.

There can be no higher mission than to improve the human condition and to offer opportunities for fulfillment in our individual lives and the life of our national and world communities.

You are the leaders of the world community in bringing a better life to the diverse and often tragically poor people of our planet.

You have worked tirelessly to preserve the framework for international economic cooperation and to generate confidence and competition in the world economy.

The underlying quest for economic, social and human improvement is the basic drive that inspires and unites all of us.

The Spirit of 1945

In 1945, when your great institutions were established, the civilized world had been brought to its knees by a wave of totalitarian violence that inflicted suffering, sacrifice and the suppression of human rights on millions of innocent people.

Security, freedom and prosperity were very much on the minds of the citizens of the world in 1945.

They should be on our minds today.

The institutions you represent could not have been born, could not have flourished — and may I add, will not survive — in a world dominated by a system of cruelty that disregards individual rights and the value of human life in its ruthless drive for power.

No state can be regarded as preeminent over the rights of individual human beings.

The stakes are high.

In this civilization we have labored so faithfully to resurrect, preserve and enhance, let us be ever mindful: It is not just development, prosperity, but ultimately our peace and freedom that are always at stake.

Too often, the demands of prosperity and security are viewed as competitors when, in fact, they are complementary, natural and necessary allies.

We cannot prosper unless we are secure, and we cannot be secure unless we are free.

The goals of the great international, political and economic institutions — the United Nations, the World Bank, the I.M.F., you represent here today — were to be reached by trusting in a shared and enduring truth: The keys to personal fulfillment, national development, human progress and world peace are freedom, responsibility for individuals, and cooperation among nations.

When I addressed the delegates of the United Nations yesterday, I reminded them: You have the right to dream great dreams, to seek a better world for your people.

And all of us have the responsibility to work for that better world.

As caring, peaceful people, think what a powerful force for good we could be.

The Spirit of 1983

Today, I come before your distinguished assembly in that same spirit — a message of hope for prosperity and security through the principles of freedom, responsibility and cooperation.

When our nations trusted in these great principles in the postwar years, the civilized world enjoyed unparalleled economic development and improvement in the human condition.

We witnessed a virtual explosion of world output and trade, and the arrival of a new era of self-determined, independent nation-states as members of the international system.

And, as I said when I last spoke to you, the societies that achieved the most spectacular, broad-based economic progress in the shortest period of time have not been the biggest in size, nor the richest in resources, and

the persistence of such measures has begun to make protectionism in general look more acceptable.

But it is not acceptable. Protectionism spreads like a cancer, destroying the very tissues of global commerce, which for three decades have been the sustaining force of third world development.

It is a cancer that must be rooted out.

Protectionist measures adopted during the recent recession must be rolled back, and the momentum of the 60's and 70's must be recaptured. This I avail.

Revenues are higher than anticipated and we expect continued improvement in the Federal spending.

We will continue to work for greater restraint in Federal spending.

Textiles and agricultural products.

The best way for developing countries to revive their economies now — and the only way for indebted countries to finally overcome their financial difficulties — is to expand exports. Expanding trade opportunities among developing countries is highly desirable, but greater access to the industrial world's markets is absolutely indispensable.

It is true that many increased trade restrictions have been principally among the industrial countries themselves — notably in automobiles and steel. But many restrictions also hurt developing-country exports such as

the United States and, we still face large projected deficits which concern us because deficit Federal spending and borrowing drain capital that could otherwise be invested for stronger economic growth.

But as Secretary Regan correctly pointed out, in the interim committee summit, the deficit is coming down as a result of economic growth.

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Members of the Belgian delegation to the International Monetary Fund's 38th annual meeting listening to President Reagan address the I.M.F. and the World Bank.

certainly not the most rigidly controlled.

What has united them all is their belief in the magic of the marketplace.

Millions of individuals making their own decisions in the marketplace will always allocate resources better than any centralized government planning process.

Trust the people — this is the crucial lesson of history.

Because only when the human spirit is allowed to worship, invent, create and produce, only when individuals are given a personal stake in deciding their destiny and benefiting from their own risks — only then do societies become dynamic, prosperous, progressive and free.

Our commitment to military security is matched by our resolve to negotiate a verifiable nuclear arms reduction treaty.

Only then can we safely reduce military expenditures and their drain on our resources.

As I mentioned at the outset, there can be no lasting prosperity without security and freedom.

Worldwide Growth

Turning more directly to economic development, all signs point to a world economic recovery gaining momentum.

As early as last February, the Conference Board predicted that the economic growth rates in the U.S. and six major industrial countries will exceed those of the rest of the world.

Since then, industrial production in the O.E.C.D. countries has been moving up.

Our own I.M.F. economists are predicting growth in the world economy of at least 3 percent next year.

This is the brightest outlook in several years.

As the U.S. economy picks up steam, our imports rise with it.

When you consider that half of all non-OPEC developing country manufactured goods exported to the industrialized countries come to the United States, it's clear what a strong stimulus our imports provide for economic expansion abroad.

And as other economies prosper, our exports, in turn, increase.

We all gain.

Many nations are moving steadily forward toward self-sustaining growth.

And like us, they are doing it by relying again on the marketplace.

The Painful Adjustments

This period of adjustment has not been easy for us; in fact it has been very painful.

But it is the one way that does work, and it is beginning to pay dividends.

Economic recovery is spreading its wings and taking flight. All know those wings have not spread far enough.

And I would add, recovery alone is not good enough.

Our challenge is far greater: Lasting, worldwide economic expansion.

Together, we must make the 1980's an historic era of transition toward sustained, noninflationary world growth.

I have every confidence that we can — and with our combined leadership and cooperation, we will.

Role of the I.M.F.

The I.M.F. is the linchpin of the international financial system.

For nations, it serves as a counselor, coaxing the world economy toward renewed growth and stability.

At various times in its history, the I.M.F. has provided important temporary balance of payments assistance to its member nations — including my own.

At times, it must play the "Dutch uncle," talking frankly, telling those of us in government things we need to hear, but would rather not.

What tax increases would actually reduce economic growth — by distorting savings, investment and consumption.

One other point about the United States that is cause for our determination to provide the military strength and political security to ensure peace in the world.

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These major debtor countries have already undertaken difficult measures in a concerted effort to get their economic houses in order.

Most of them are working closely with the I.M.F. to overcome economic hardships.

They continue to demonstrate a commendable willingness to make necessary adjustments.

That is why I can state that our participation in the I.M.F. quota increase is not a government bailout of these debtor countries, or of the banks which are sharing the burden.

On the contrary, I.M.F. plans to assist financially troubled countries call for the banks to put up more money than the I.M.F. itself.

This is by nature a cooperative enterprise.

Consequences of Curb

If the Congress does not approve our participation, the inevitable consequence would be a withdrawal by other industrialized countries from doing their part.

At the end of this road could be a major disruption of the entire world trade and financial systems — an economic nightmare that could plague generations to come.

No one can afford to make light of these dangers.

We strongly support the World Bank; in fact, the United States remains its largest single contributor.

We recognize its key role in stimulating world development and the vital assistance it provides to developing nations.

Here again, I have proposed legislation to the Congress to meet our commitment for funding the World Bank, and especially the International Development Association.

It is important that these funds be available to help the people in the poorest countries raise their standards of living.

The heart of America is good and her heart is true.

We have provided more concessional assistance to developing nations than any other country — more than \$10 billion over the last three decades.

Whether the question at hand be bank project financing or fund balance of payments assistance, it must be considered a complement to, not a substitute for, sound policies at home.

If policies are sound, financing can be beneficial.

If policies are irresponsible, all the aid in the world will be no more than money down the drain.

The Need to Fight Against Protectionism

As we work together for recovery, clouds of protectionist pressures building on the horizon.

At the recent economic summit in Williamsburg, my fellow leaders and I renewed our commitment to an open and expanding world trading system.

Reactions to the speech by those in the audience were mixed.

"I think it was a terrific speech," said William McChesney Martin, former chairman of the Federal Reserve Board. "It only weakness was in its reference to the 'magic of the marketplace,' which is not going to solve all the problems."

Mr. Reagan emphasized that the marketplace, the free trade system, was paramount in keeping the recovery of the right track.

Jacques Delors, the Finance Minister of France, said that what struck him most was "the firm insistence of the President's call for a quota increase."

Bankers' Speeches

Jacques de Larosiere, managing director of the I.M.F., said in his address that the proposed 4.5 percent increase in resources for the fund was the minimum needed for the institution to play its pivotal role.

In a warning similar to President Reagan's, he said there could be "incalculable consequences for economic and financial stability worldwide" if the I.M.F. legislation failed to pass in Congress.

Reagan at the U.N.: Cheers and Folded Hands

By RICHARD BERNSTEIN
Special to The New York Times

NATIONS, N.Y., Sept. 26—Delegates without seats stood six or seven deep along the sides of the large, green carpeted assembly hall. Demonstrators chanted outside. Warm applause greeted the President of the United States as he was introduced to the 158 member nations of the General Assembly, though, it was widely noted, the four members of the Soviet delegation did not clap their hands.

These were all elements of the scene here this morning as President Reagan addressed the 38th session of the General Assembly. There was excitement

in the air as the delegates pressed into the hall to hear Mr. Reagan. Afterward, they gathered in anteroom clusters to discuss and comment on the speech.

"It was a very impressive contribution and it was delivered in an elegant manner and with great sincerity," said Sahabzada Yaqub Khan, the Foreign Minister of Pakistan. "It was designed to reduce tensions at a time when the situation is inflamed."

Poland's chief representative to the United Nations, Wlodzimierz Natoli, commented: "It was a little bit milder than usual, but there was nothing new from the point of view of substance."

Again, there was all the anti-Communist and anti-Soviet rhetoric, all the false information without any proof about the non-fulfillment of treaties by the Soviet Union."

Soviet Comment

Encountered briefly in the delegates lounge, a Soviet representative, Richard S. Ovinnikov, was asked why the Soviets did not applaud the American President.

"Why should we?" he asked, then added, "Were you astonished?"
Asked to comment on the speech, he said, "It seemed to be a sugar-coated deployment." Mr. Ovinnikov did not

elaborate, but he seemed to be referring to the President's criticism of the Soviet Union even while expressing an American willingness to be "more flexible" in arms reduction talks.

Mr. Reagan's speech, which opened the working portion of the assembly session, was followed by addresses by delegates from Brazil, the Philippines, Venezuela, and eight other countries.

While Mr. Reagan was at the United Nations, groups of demonstrators both for and against the President held up signs and shouted through loudspeakers outside.

Conspicuously Empty Seats

Inside the assembly chamber, most of the delegates' seats were occupied. But there were a few conspicuously empty places at the tables of the Cuban

and the Afghan delegations.

At the Soviet table, the chair for the delegation's head was also empty, presumably because Andrei A. Gromyko, the Soviet Foreign Minister and Deputy Prime Minister, decided not to come after he could not get permission to land at Newark or Kennedy International Airport in a Soviet jet.

The Soviet delegation listened through headphones without expressing reaction to the speech. At the end, the Soviet Ambassador to Washington, Anatoly F. Dobrynin, who sat with the Soviet delegation, leaned through papers while most of the other diplomats present applauded Mr. Reagan.

After the speech, in the lounge outside the assembly hall, Prince Norodom Sihanouk, the former monarch of Cambodia, was asked to comment on

Mr. Reagan's speech. He said, "His feelings are so noble and his proposals are very reasonable."

Arab League Remark

Dr. Clovis Malsoud, the Arab League's permanent observer to the United Nations, said Mr. Reagan "totally glossed over the Middle East."

One well-noticed part of the President's speech were his references to the group of more than 100 countries that espouse nonalignment. Mr. Reagan said in his speech that the movement is important, but criticized it for admitting pro-Soviet countries.

"We face the same accusation from the Soviet Union when they speak of nonalignment," said Mahmoud Abounasr, United Nations Ambassador from Oman.

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